

# PERAC

COMMONWEALTH OF MASSACHUSETTS | PUBLIC EMPLOYEE RETIREMENT ADMINISTRATION COMMISSION

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JOHN W. PARSONS, ESQ., *Executive Director*

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## MEMORANDUM

TO: MHFA Retirement Board

FROM: John W. Parsons, Esq., Executive Director

RE: Approval of Funding Schedule

DATE: June 14, 2021

This Commission is hereby furnishing you with approval of the revised funding schedule you recently adopted (copy enclosed). The schedule assumes payments are made on July 1 of each fiscal year. The schedule is effective in FY22 and is acceptable under Chapter 32.

The Board recently decided to pay off the remaining unfunded actuarial liability based on the results of the January 1, 2021 actuarial valuation. Beginning in FY22, the schedule reflects only normal cost. As discussed recently with the Board, we will allow the Board to pay only the normal cost for the next two fiscal years. We will revisit this issue upon the completion of the Board's next actuarial valuation. As also discussed with the Board, if at the time of the next actuarial valuation there are any investment and/or actuarial losses, or if there are assumptions changes which increase the actuarial liability, the system would no longer be fully funded and the appropriation would need to increase to an amount greater than the normal cost to reflect the amortization of the unfunded actuarial liability.

The revised schedule reflects a reduction in the investment return assumption from 7.25% to 7.00%.

If you have any questions, please contact PERAC's Actuary, John Boorack, at (617) 666-4446, extension 935.

JWP/jfb

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# MASSACHUSETTS HOUSING FINANCE AGENCY CONTRIBUTORY RETIREMENT SYSTEM

## FUNDING SCHEDULE

Fiscal Year	Normal Cost	Unfunded Actuarial Accrued Liability (UAAL)	Funding Amortization of UAAL	Net 3(8)(c) Payments	Schedule Contribution*
2021	-	12,242,410	12,242,410	-	12,242,410
2022	1,422,912	-	-	(392,641)	1,030,271
2023	1,479,828	-	-	(392,641)	1,087,188

\* The contribution and unfunded liability shown for Fiscal Year 2021 are as of the end of the Fiscal Year, and exclude the appropriation paid at the beginning of Fiscal Year 2021. The contributions for Fiscal Years 2022 and 2023 assume a July 1 timing, at the beginning of the Fiscal Year.